



Scheduled Report - public distribution

Date: 11/17/1998

GAIN Report #IT8051

Italy

Citrus

Citrus Annual Report

1998

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Report Highlights:

For 1998/99, Italian citrus production is forecast at 2.69 million tons, a significant decrease (20% for oranges) from last season due to poor weather conditions. Despite EU pressure, the GOI has refused to remove a ban on citrus imports.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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EXECUTIVE SUMMARY

For 1998/99, Italian citrus production is forecast at 2.69 million tons, made up of 1.645 million tons of oranges, 450,000 tons of tangerines, 580,000 tons of lemons, 2,000 tons of grapefruits and 12,000 tons of other citrus fruits. The decline is due to exceptionally high temperatures that affected citrus crops during summer 1998. Preliminary data on Italian citrus production, except tangerines, in the 1997/98 marketing year are slightly above data reported in the April citrus report.

For the next three years Italian citrus crops are forecast to remain stable, barring unusual weather patterns. A change in citrus varieties, based on consumer demand, is expected however, with blond oranges continuing to replace blood oranges and clementines replacing mandarins.

Italian citrus imports continue to increase with a positive trade balance remaining only for Italian oranges. Most of the imports are coming from Morocco and other Mediterranean countries and are transhipped through other EU countries in spite of an Italian ban in imports (grapefruit are allowed), ostensibly due to phyto-sanitary concerns. Despite an EU directive removing authorization of the ban, the GOI has refused to lift the ban. For 1998/99 Italian exports will decline further due to a poor domestic output.

Italian orange juice production for 1999 is forecast to decline significantly due to a tight fruit supply.

Italian orange juice exports in 1997 declined due to strong competition from Brazilian juice exports. They are forecast to recover in 1998 and 1999 because the price of Brazilian juice has risen.

FRESH CITRUS FRUITS

Commodity Outlook, Production

General

Preliminary data for Italian citrus production in the 1997/98 marketing year is slightly above that forecasted in the April semi-annual report (IT8016). Only tangerine output is marginally below the amount reported in April.

According to CLAM (the Mediterranean Citrus Committee), total Italian citrus production for the 1998/99 season is forecast to be 2.69 million tons. The breakdown is as follows:

(thousand tons)

oranges	1,645
mandarins	140
clementines	310
lemons	580
grapefruits	3
other citrus	12
TOTAL	2,690

The major citrus crops show a significant decline (minus 20 percent for oranges) due to unfavorable weather conditions. The summer of 1998 was characterized by tremendously high temperatures that negatively affected yields and fruit size. However, fruit quality is good with very high sugar content. Oranges, the hardest hit, are expected to have a harvest that is 20% below last year's, with reductions of 15% and 6% for tangerines and lemons respectively.

The largest share of Italian orange production, 59 percent, for 1998/99 remains for blood orange varieties Moro, Tarocco and Sanguinello. However, in response to changing market preferences, other orange varieties are increasing their output share such as Navel, Valencia and other blond varieties which presently account for 41 percent of the total compared to 32 percent in 1997/98.

Commodity Outlook, Consumption

General

Citrus consumption in Italy is very fluid and does not follow a regular trend. Consumption is affected by supply and prices, as well as competition from other fruits.

Grapefruit consumption in Italy continues to decline due to growing competition from other citrus fruits and a growing supply of non-native fruits from the world market, even during winter time.

Prices

Presently orange prices are strong both at farm and in wholesale markets, due to a lower supply. Tarocco and Moro prices are presently quoted between 450 Lire/Kg and 600 Lire/Kg (30 to 35 cents) at farm, not harvested. In October wholesale prices averaged 1270 Lire/Kg (about 77 cents) for the Navel variety. However, a large supply from Spain, where orange output is forecast to be much higher than in 1997/98, should counteract the price gains from the small Italian supply.

Commodity Outlook, Trade

General

Even during production seasons with high yields, Italian citrus fruit imports have increased significantly due to the historically weak marketing organization of Italian (mostly Sicilian) citrus producers. The trade balance remains positive only for Italian oranges. For 1998/99 this negative trend will continue due to reduced domestic supply. Spain has replaced Italy as the major supplier of citrus to the European Union. Spain has also been able to take advantage of the opening of the EU market to third countries' exports by becoming a trader of citrus from Morocco and other Mediterranean countries. Italy, along with Greece however, still maintains a ban on imports of extra-EU citrus products excepted grapefruits. The ban ostensibly, based on phyto-sanitary reasons, is no longer allowed by the EU Commission. However, Italy argues that a previous EU decree allowing the ban supercedes the current legislation and will not remove its ban until the original legislation is amended. While the Sicilian producers support the ban, Italian importers are lobbying for its removal because they fear it is being circumvented with Moroccan oranges entering through Spain. The traders would like to be allowed to import higher quality oranges from the United States and South Africa.

Commodity Outlook, Policy

Production Policy

According to the new Citrus Common Marketing Organization that came into effect during 1997/98 (see Citrus Report IT7048) EU subsidies for 1997/98 were cut approximately 40% due to a huge availability of processed citrus fruits. For 1998/99 processors and producers reached an agreement respecting the EU quantity limits so that processed citrus fruits will receive the full subsidy amounts. According to this agreement 572 thousand tons of oranges, 315 thousand tons of lemons and 80 thousand tons of tangerines will be processed during the 1998/99 marketing year.

The Sicily Regional Authority is going to approve a fund of 30 billion Lire (\$18.2 million) for the citrus industry to be used from 1999 to 2002. This fund will supplement the citrus plan approved by the Italian Government for the period 1998-2000. The Citrus Plan consists of 110 billion Lire (\$66.7 million) to be spent for the Italian citrus industry. These funds will be used for structural improvements such as irrigation and replanting with improved varieties. Many sector specialists classify this aid as direct support to maintain agricultural production and jobs in a region that is plagued with high unemployment.

Commodity Outlook, Marketing

Market Development Opportunities

Many Italian grapefruit imports transhipped through the Netherlands and France are thought to have originated in the U.S. As a result of these transshipments, we do not have accurate statistics for total U.S. grapefruit exports into Italy. However, Italian grapefruit imports from the U.S. dropped significantly during recent years. The main reasons are a decline in consumption and strong competition from Israel and Cyprus in terms of prices and quality. The quality of U.S. grapefruit is reportedly affected by the long shipment time. Italian importers would like to have greater access to pink Florida grapefruit before the Christmas marketing season. There could be some niche market opportunities for U.S. oranges once the protected citrus zone is removed in conformance with EU requirements.

JUICE, ORANGE

Commodity Outlook, Production

General

There are no official data for Italian orange juice output. We estimate production data using the amount of fruit that is supposed to be processed, figures supplied by a National Citrus Juice and Oil Research Institute, and by trade contacts. Processing data supplied by the Ministry of Agriculture are often not reliable since they are based on numbers which are inflated in order to receive additional processing subsidies. Since MY 1997/98, the subsidies have been provided directly to farmers (as discussed in the fresh orange section), instead of through the Agricultural Ministry. However, this change has not improved their accuracy. For this reason processed fruit numbers in the orange PS&D table are adjusted to correspond to oranges actually processed. Waste and unharvested oranges are also counted in the processed numbers because of the difficulty in separating these categories. For 1999 Italian orange juice production is forecast to significantly decline due to poor orange production during the 1998/99 marketing year.

Consumption

General

Orange juice consumption is increasing slightly in Italy, thanks to a growing demand for 100% pure orange juice (non-concentrate). Italian consumers prefer packaged, non-concentrate it because it is a more convenient substitute for hand squeezed orange juice, which also is widely consumed, especially in snack bars.

Commodity Outlook, Trade

General

Italian exports of orange juice dropped in 1997, mainly due to strong competition from Brazilian orange juice exports. FOB prices of Brazilian juice averaged around \$1,000/ton compared to about \$1,600/ton for the Italian 50-60 Brix concentrated orange juice. Exports of Italian orange juice are forecast to recover in 1998 and 1999 due to a higher quotation of Brazilian juice.

Commodity Outlook, Marketing

The Italian orange juice industry specializes in preparing many kinds of juices at different degree of Brix (mostly 50-60 degree Brix) in order to meet demand for all types of beverages. This allows them to compete with the Brazilians who dominate the market for standardized 65N Brix concentrated juice.

At the beginning of the 1990's a major Italian food company, backed by government funds, made large investments in Sicily in order to produce non-concentrate orange juice. While still in operation, this project has not been overly successful, largely because the GOI has yet to provide all of the funding promised.

PSD Table						
Country:	Italy					
Commodity:	Oranges					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		11/96		11/97		11/98
Area Planted	112000	112000	112000	112000	0	112000
Area Harvested	108000	108000	10900	10900	0	10900
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	2100	2100	2000	2057	0	1645
Imports	28	44	44	55	0	100
TOTAL SUPPLY	2128	2144	2044	2112	0	1745
Exports	98	106	100	116	0	100
Fresh Dom. Consumption	1430	1438	1394	1196	0	1095
Processing	600	600	550	800	0	550
TOTAL DISTRIBUTION	2128	2144	2044	2112	0	1745

PSD Table						
Country:	Italy					
Commodity:	Fresh Tangerines					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		11/96		11/97		11/98
Area Planted	33000	33000	33000	33000	0	33000
Area Harvested	32000	0	32000	32000	0	32000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	500	500	540	533	0	450
Imports	43	44	40	60	0	65
TOTAL SUPPLY	543	544	580	593	0	515
Exports	68	68	80	50	0	45
Fresh Dom. Consumption	407	408	450	438	0	385
Processing	68	68	50	105	0	85
TOTAL DISTRIBUTION	543	544	580	593	0	515
PSD Table						

Country:	Italy					
Commodity:	Fresh Lemons					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/96		10/97		10/98
Area Planted	38000	38000	38000	37000	0	37000
Area Harvested	37000	37000	37000	37000	0	37000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	714	714	600	612	0	580
Imports	16	36	15	29	0	35
TOTAL SUPPLY	730	750	615	641	0	615
Exports	31	43	30	16	0	16
Fresh Dom. Consumption	379	387	285	280	0	279
Processing	320	320	300	345	0	320
TOTAL DISTRIBUTION	730	750	615	641	0	615

PSD Table						
Country:	Italy					
Commodity:	Fresh Grapefruit					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		01/96		01/97		01/98
Area Planted	250	150	0	150	0	150
Area Harvested	225	140	0	140	0	140
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	3	3	0	3	0	3
Imports	35	36	0	28	0	28
TOTAL SUPPLY	38	39	0	31	0	31
Exports	3	3	0	2	0	1
Fresh Dom. Consumption	35	36	0	29	0	30
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	38	39	0	31	0	31

PSD Table						
Country:					Degrees Brix	Single Strength
Commodity:	Juice, Orange					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin						
Beginning Stocks	149000	149000	99000	142000	0	102000
Production	220000	220000	210000	220000	0	200000
Imports	25000	28000	25000	25000	0	25000
TOTAL SUPPLY	394000	397000	334000	387000	0	327000
Exports	140000	100000	140000	130000	0	130000
Domestic Consumption	155000	155000	155000	155000	0	155000
Ending Stocks	99000	142000	39000	102000	0	42000
TOTAL DISTRIBUTION	394000	397000	334000	387000	0	327000

PSD Table						
Country:	Italy					
Commodity:	Fresh Citrus, Other					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		12/96		12/97		12/98
Area Planted	1500	1500	1400	1400	0	0
Area Harvested	1500	1500	1400	1400	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	14	14	10	15	0	12
Imports	0	0	0	0	0	0
TOTAL SUPPLY	14	14	10	15	0	12
Exports	0	0	0	0	0	0
Fresh Dom. Consumption	0	0	0	0	0	0
Processing	14	14	10	15	0	12
TOTAL DISTRIBUTION	14	14	10	15	0	12

Export Trade Matrix	Fresh Oranges		
Country:		Units:	Tons
Commodity:			
Time period:	1997		
Exports for	1996		1997
U.S.		U.S.	
Others		Others	
		U.S.	162
		Germany	48643
		Belgium-Lux	3484
		France	2727
		Sweden	3446
		Austria	16613
		Other EU	4017
		Switzerland	17266
		East Eur Others	13359
Total for Others	0		109717
Others not listed			6049
Grand Total	0		115766

Import Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	1997		
Imports for	1996		1997
U.S.		U.S.	
Others		Others	
		Netherlands	1984
		France	3952
		Spain	48182
		Other EU	1320
Total for Others	0		55438
Others not listed			0
Grand Total	0		55438

Export Trade Matrix			
Country:		Units:	Tons
Commodity:	Juice, Orange		
Time period:	1997		
Exports for			1997
U.S.		U.S.	3800
Others		France	18000
		Germany	28000
		Netherlands	13000
		Belgium-Lux	11000
		Other EU	10000
Total for Others			27307
Others not listed			16200
Grand Total			100000

Import Trade Matrix			
Country:		Units:	Tons
Commodity:	Orange Juice		
Time period:	1997		
Imports for			1997
U.S.		U.S.	58
Others		Others	
		Germany	7606
		Netherlands	14435
		Austria	2373
		Other EU	2835
Total for Others	0		27307
Others not listed			584
Grand Total	0		27811